Andrew County

105 Hwy. 71 W Savannah, MO 816-324-3196

Atchison County

302 E Hwy. 136 Rock Port, MO 64482 660-744-5328

Buchanan County

3915 Oakland Ave. St. Joseph, MO 64506 816-364-3927

Clinton County

1800 W. Highway 116 Plattsburg, MO 64477 816-539-2136

Dekalb County

1101 S. Polk Maysville, MO 64469 816-449-2112

Gentry County

512 E. Hwy. 136 Albany, MO 64402 660-726-5525

Harrison County

1400 N. 41st. Street Bethany, MO 64424 660-425-7635

Holt County

118 W. Davis Street Mound City, MO 64470 660-442-3134

Mercer County

Rt. 2 Box 317, Hwy 65N. Princeton, MO 64673 660-748-4385

Nodaway County

502 W. South Hills Dr. Maryville, MO 64468 660-582-7423

Platte County

1207 Branch Street Platte City, MO 64079 816-431-2101

Worth County

18 West 3rd Street Grant City, MO 64456 660-564-3341

District #1 FSA NEWSLETTER September 2006

With grain prices at their current levels it looks like Loan Deficiency Payments (LDP's) and Marketing Assistance Loans (MAL's) will again enter into many producers grain marketing plans this year. This District-wide newsletter covers the 2006 Grain Loan and LDP programs. I urge everyone with 2006 crop year grain that will be sold or fed to take the time to read and review the information in this newsletter. Please review this information to familiarize yourself with the programs and if you have any questions contact your local FSA Office for answers and complete details. Each year many producers lose payments that they would otherwise have been eligible to receive because they didn't fully understand the LDP program and their forms were filed incorrectly. Don't let this happen to you. Have a safe and productive harvest season.

Basic Eligibility for Loan Deficiency Payments And Marketing Assistance Loans

- Crops must have been reported. Late filed acreage reports can be filed if late file fee is paid.
- Producer must have had a risk in the crop to be eligible and have appropriate eligibility and application forms on file before harvest of the crop.
- Farm does not have to be participating in the Direct and Counter-Cyclical Program (DCP), but must be in compliance with Conservation Compliance provisions.

Two Types of LDP's

There are 2 types of LDP's generally used for most fall harvested crops in this district. They are a field direct LDP and a LDP on grain that is stored at harvest and not sold.

A field-direct LDP covers grain that you lose beneficial interest in immediately at harvest (for example, sold, delivered under deferred pricing contract, fed, etc.). This year, only the CCC-633EZ will be used. Operators should make sure that all producers with an interest in the crop have filed page 1 of this form in their FSA office. In the past, County Offices tried to do mass mailings of these types of forms to all producers but because of staffing storages and mailing costs coupled with a very tight budget situation within FSA, mass mailings of these forms could not be done this year. You need to be sure that you have one of these forms on file at your FSA office. The bottom line is that it is your responsibility to make sure that one of these forms has been filed for your grain before you begin harvest. Producers may sign for another individual or entity only if a valid power of attorney is on file.

Two of the advantages of the CCC-633EZ is that it not only covers grain that is sold immediately at harvest but it will also cover stored grain that beneficial interest is lost in before an LDP rate is locked in. Only one form is required to be signed for all commodities.

To apply for payment for a field-direct LDP, you will need to provide the date of delivery and the number of bushels delivered each day. The only option is to submit the settlement sheet or delivery sheet when you apply. Scale tickets may be needed along with the settlement sheets to verify the actual delivery date. A CCC-633EZ page 2, will need to be signed when you provide the information listed above. The rate for a field-direct LDP will be determined based on the rate in effect in the county where the grain is delivered on the date it is delivered. This is a change from previous years.

LDP's on Stored Grain - To request a LDP on stored grain you need to file a CCC-633EZ, page 2 after the grain is placed in storage. You may request the LDP and select your rate at any time as long as you maintain both ownership and beneficial interest in the grain. Using the new CCC-633EZ allows for payment of a LDP even if you sell the grain before you request the LDP. As long as page 1 of the CCC-633EZ is signed prior to beneficial interest being lost, you have shown your intent to LDP all of your production and we can make a LDP payment even if it is not requested until after the grain has been sold or after you have lost beneficial interest. We will be able to use the date you lost beneficial interest in the grain and make the LDP payment based on those dates. You will need only to sign the CCC-633EZ, page 2 to collect these payments. Another advantage is that if there is over run when you deliver, either on a producer certified LDP or a measured LDP, a LDP request can be made on the over run amount prior to the final loan availability date for the commodity and the rate will be determined by the date beneficial interest was lost. See the additional articles on farm stored, measured, and warehouse stored grain for more information on LDP's on stored grain.

One item that causes confusion each year is **the deadline** of May 31st to request LDP's or Marketing Assistance Loans on corn, soybeans and milo. The deadline for wheat and other small grains is March 31st.

Farm Stored LDP's

Once the grain has been harvested and placed in storage on the farm, page 2 of CCC-633EZ LDP form will need to be filed on the date that you request the LDP payment. The LDP rate will be the rate in effect in the county where the grain is stored, on the date that page 2 of CCC-633EZ LDP is filed. You may either certify the quantity stored or you may request and pay for a measurement service. You must still have beneficial interest in the grain on the date the LDP request is filed. The form CCC-633EZ page 2, one of the new forms for 2005, is the form you must use this year. Make sure that you have the correct LDP form if you intend to FAX any LDP requests. Certified LDP's are subject to spotcheck. If selected for a spotcheck, production evidence is required.

Measured LDP's

A measured LDP is where you request and pay for us to measure the bin to determine the quantity available for LDP. At the time of request, you will need to specify the number of bushels you want covered by the LDP. This can be a specific quantity, or the entire quantity

measured. The measurement service will only provide production evidence for the quantity requested on the initial request. The cost for bin measurement service is a minimum of \$20.00 and \$7.00 per additional ½ hour of time.

Warehouse stored Grain

To request a LDP payment on grain stored in a warehouse, page 2 of CCC-633EZ LDP form will need to be filed prior to losing beneficial interest in the grain (before it is sold, deferred priced, etc.). The LDP rate will be the rate in effect in the county where the grain is stored, on the date that page 2 of CCC-633EZ LDP is filed. You will need to know the exact number of bushels to file the request. It is best to get this information from the settlement or delivery sheet. If a load summary sheet is provided and you want this to serve as production evidence, the warehouse must include the following statement on the summary sheet: "Title and control remains with the producer and a negotiable warehouse receipt can be issued to the producer for the quantity physically delivered to the warehouse."

Production Evidence

Production evidence is only required if the LDP is selected for a spotcheck. LDP's without production evidence submitted at the time of request are subject to spotcheck for up to nine months after the LDP is disbursed. All production evidence must show the following: producer's name, crop year, commodity, net weight or net bushels, date of sale, and proof of payment from buyer if commodity was sold. For wheat the documentation must show if it was hard wheat or soft wheat. Scale tickets, if issued by the producer for their own production, are not eligible to be used for production evidence.

File your LDP request electronically

We now have a way to file your LDP requests electronically. To do this you will need to set up a customer account that you will use to transmit the LDP request electronically. If you have an unrestricted power of attorney (FSA-211) on file for another individual or entity, you may now request electronic LDP's on their behalf as well. Contact your local office for more information if you are interested in filing forms electronically.

- Payment limitation for 2006 is \$75,000 per person for LDP's and Market Gains. Contact the office if you think you will hit this limit.
- The posted county price (PCP) is calculated daily, based on the previous day's market close. By following the market closely you can make sound decisions on when to request the LDP on stored grain.
- LDP's and market gains are producer payments and will appear on your CCC-1099G at the end of the year.
- The selling price you receive on your grain has no effect on the LDP rate you are paid. The LDP rate is always the difference between the loan rate and the Posted County Price (PCP) on any given date.
- Once page 2 of CCC-633EZ LDP is filed on stored grain, that grain is ineligible for loan.
- Substituted grain is not eligible for loan or LDP.

Faxing Documents

LDP forms can be faxed, however, before we can accept the faxed documents, all required entries on the form must be completed. The LDP rate for faxed page 2's of CCC-633EZ LDP forms will be the rate in effect on the date that a COMPLETED form is received in the office. LDP forms received prior to 6:00 AM Central time will be considered as filed the previous day.

If faxing settlement sheets, you need to provide an explanation on what the settlement sheet is for. We need to know if you are requesting a field direct LDP on the settlement sheet (must include CCC-633 EZ pg. 2), or if it is to be used as production evidence for an LDP or loan that has already been paid. On all production evidence, including settlement sheets, it is required that you certify that the settlement sheet covers 2006 production.

FSA Information on the Internet

Daily LDP prices as well as forms, news releases, and other information can be found on websites. These sites are very user friendly. The FSA home page is http://www.fsa.usda.gov. The Missouri State FSA home page is http://www.fsa.usda.gov/mo/

FSA Kids

http://www.fsa.usda.gov/fsakids/ is a website that has many fun activities and games for kids. Parents and children are encouraged to visit the website for fun ways to learn about agriculture.

Grain that is processed or fed immediately during harvest is eligible for LDP, however, there are several things you need to do in order to be eligible for an LDP payment on these bushels.

- 1. Page 1 of CCC-633EZ must be signed prior to losing beneficial interest and the LDP request can be made on page 2.
- 2. During harvest, you will need to keep a log of the harvested date and bushels fed/processed each day until harvest is completed. Bushels must be adjusted for moisture.
- 3. The log is <u>required</u> to be submitted within 60 days after the grain is harvested. It is best to submit the log every 30 days during harvest.
- 4. The LDP rate will be the rate in effect on the date the grain was harvested and fed or processed.

LDP's stored grain must be requested on page 2 of CCC-633EZ LDP form before the grain is fed/processed. If you decide to request an LDP payment on stored grain, and feed out of the bin while continuing to fill the bin during harvest, it is your responsibility to know how many bushels remaining in the bin are eligible for LDP. You may need to keep a log to know what had been LDP'd and what has been fed out of the bin.

LDP's on crops chopped for silage or hay

To request a payment on crops cut for silage or hay, you will need to file page 2 of CCC-633EZ LDP form after the crop is harvested, and on the day that you want to lock in the LDP rate. The request must be filed before the crop is fed. On page 2 of CCC-633EZ LDP for silage or hay we will need to know:

- 1. How many acres were chopped or baled (These acres will need to be marked on an aerial photo)
- 2. Your estimate of the yield (to assist the COC in assigning production)
- 3. If any of the same crop on that farm will be harvested for grain
- 4. Quantity requested on page 2 of CCC-633EZ LDP form will be the number of acres that were chopped. Payment bushels will be those acres times the yield assigned by the County Committee.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C., 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

GENTRY/WORTH FSA OFFICE

512 East Hwy. 136 Albany, MO 64402

CRP Reminder: Producers who had the opportunity to extend or re-enroll their CRP contract and chose not to, are reminded they must continue to comply with the CRP contract (CRP-1) until it expires. Contracts expire on September 30th of the applicable year.

EQIP Reminder: NRCS is conducting signup for the Environmental Quality Incentive Program between October 2nd – November 15th. Please contact your local NRCS office for details.

Grain loans

Provisions of the loan program remain basically the same as in previous years.

- CCC loans mature on the last day of the 9th month following the month of disbursement. (A loan disbursed in November will have a maturity date of August 31, 2007.)
- Lien searches must be conducted and lien waivers obtained from all lien holders on file.
- If new grain is going to be commingled with other producer's grain, all producers need to sign a CCC-655 form before the loan is disbursed.
- Warehouse receipts must show storage paid for 9 months after the month disbursed.

Releasing grain under loan

Once grain has been placed under loan it MUST be released or repaid before the collateral is moved or fed. A request to release grain can be made by phone. The release will be made to the grain buyer, regardless of where the grain is delivered. A release does not lock in a repayment rate. Releases can be made for either 15 or 30 days. If you need to haul on a weekend, you can request the release on Monday.

Grain Loan Repayment Options

Until loan maturity, the loan can be repaid at the lesser of the posted county price on the date of repayment, or principal plus interest. You do have the option of locking in a repayment rate for 60 days using a CCC-697. (See following article) After loan maturity, you have the option of forfeiting the grain to CCC or repaying the loan at principal plus interest.

Locking in the repayment rate by filing a CCC-697

- The lock in rate will be effective for a period of 60 days from the date of request. Exception: all locked in rates will expire 14 days before the loan matures.
- You can specify a certain number of bushels to lock in, or lock in the entire loan quantity.
- On each bushel under loan, you can only lock in the rate one time. If you did not repay the loan while the rate was locked in, you still have the option of repaying the loan at the Posted County Price (PCP) until the loan matures.
- If multiple CCC-697's are on file, we are required to use the rate on the oldest CCC-697 still in effect until the specified bushels have been repaid. You cannot repay any bushels at the daily PCP if there are any outstanding CCC-697's in effect for the loan.

All producers with loans need to be aware that the ability to lock in a repayment rate is a one time per bushel option, for a 60 day period, and expires 14 days prior to the loan maturity date.